Crius Energy Trust Reports Third Quarter 2017 Results

Successful closing of U.S. Gas & Electric acquisition adds 350,000 customers and enhances available cashflow through expected after-tax synergies of $55 to $60 million over a three-year period

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Toronto, Ontario – November 13, 2017 – Crius Energy Trust ("**Crius Energy**" the "**Company**" or the "**Trust**") (TSX: KWH.UN) today announced its financial results as at and for the three and nine month periods ended September 30, 2017. All figures are in U.S. dollars unless otherwise noted. In this news release, references to "C$" are to Canadian dollars.

"Our third quarter was highlighted by the successful acquisition of U.S. Gas & Electric. We were able to identify significant after-tax synergies to Distributable Cash in the range of $55 million to $60 million over a three-year period with annual run-rate after-tax cash synergies of $12 to $14 million, which will materially enhance cashflow available to the company moving forward," commented Michael Fallquist, Chief Executive Officer of Crius. "While we experienced unusually mild temperatures in our core markets during the third quarter, we remain confident in the long-term outlook for Crius Energy as our core deregulated energy business remains strong and growing, and we continue to see positive developments in our solar business".

Financial Highlights

- Revenue of $269.9 million in the third quarter of 2017, representing a 21.2% increase from $222.6 million in the third quarter of 2016, driven by increased revenues associated with the acquisition of U.S. Gas & Electric, Inc. ("**USG&E**") at the beginning of the third quarter of 2017, offset by materially lower usage per customer as a result of the cooler-than-normal summer weather conditions in the third quarter of 2017 compared to the prior year warmer-than-normal summer weather conditions.

- Gross margin of 20.4% of total revenue for the third quarter of 2017, representing a decrease from gross margin of 21.5% achieved in the third quarter of 2016. The decrease in gross margin as a percentage of revenue in the quarter is consistent with recent trends as a result of the increased mix of lower-margin commercial and municipal aggregation customers in the portfolio, partially offset by the addition of the higher-margin USG&E customer portfolio.

- Adjusted EBITDA of $18.3 million in the third quarter of 2017, representing a decrease from $20.6 million achieved in the third quarter of 2016. The decrease in Adjusted EBITDA for the third quarter of 2017 was primarily attributable to lower average usage per customer due to mild weather conditions experienced in the third quarter together with decreased gross margin per unit resulting from the above-mentioned customer portfolio mix.

- Distributable Cash for the third quarter of 2017 was $13.2 million and Total Distributions were $8.2 million, which compares to Distributable Cash of $10.6 million and Total Distributions of $5.6 million for the quarter ended September 30, 2016. The Payout Ratio for the last twelve months was 61.4%, which is in line with Management's approach to maintain a conservative Payout Ratio.

Operational Highlights

- Achieved net customer growth of 418,000 customers in the third quarter of 2017, representing 40.7% quarter-over-quarter growth, with Crius Energy's total customer count reaching 1,446,000 customers.
  - Added 197,000 customers organically from sales and marketing channels, representing an increase over the average in the prior four quarters of 128,000, with the increase primarily driven by the direct-to-consumer channel. Additionally, approximately 350,000 customers were added through the acquisition of USG&E that was successfully completed during the quarter.
  - Gross customer drops in the third quarter of 129,000 customers were higher than the average in the prior four quarters of 107,000. On a comparable period basis, the increased absolute number of customer drops is expected due to the expanded size of the portfolio as a result of the acquisition of USG&E. On a percentage basis, customer drops were 9.9% for the third quarter of 2017, which compares favourably to the average quarterly attrition of 10.3% for the trailing four quarters.

- Continued traction in the solar segment
  - Sold 179 solar systems representing 1.4 MW of generating capacity.
  - The community solar initiative launched during the second quarter of 2017 continued to progress during the third quarter of 2017, contributing $1.6 million of revenue. The initiative offers a direct-to-consumer program that allows customers the ability to purchase solar energy from community based solar installations backed by five-year power purchase agreements.

Growth and Corporate Highlights

- Successful completion of USG&E Acquisition
  - In July 2017, Crius Energy successfully completed the acquisition of USG&E which included a diverse portfolio of approximately 350,000 electricity and natural gas customers in Connecticut, Illinois, Kentucky, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and the District of Columbia.
  - In connection with the closing of the acquisition of USG&E, the Trust issued 12,908,175 Units pursuant to a bought deal equity offering. The Trust also issued a total of 3,847,870 Units to certain selling shareholders of USG&E, as partial consideration for the acquisition for a total equity issuance of 16,756,045 Units.
  - Management expects to achieve after-tax synergies to Distributable Cash of $55 million to $60 million over a three-year period based on annual run-rate after-tax cash synergies of $12 million to $14 million through organizational restructuring, a transition to the Company's technology platform, renegotiated credit facility pricing and trading terms and tax benefits from the intra-group funding of the transaction with intercompany debt, as well as one-time synergies of approximately $18 million in cash tax savings arising out of the ability to utilize net operating losses of Verengo to offset current and future taxable income over the next two to three years.

- Announced further distribution growth
  - In July 2017, the board of directors of Crius Energy Administrator Inc., the administrator for and on behalf of the Trust (the "**Board**"), approved an additional 2% increase to distributions paid on Units for the third quarter of 2017, representing an annualized increase of C$0.0158 per Unit and a total annualized distribution of C$0.8043 per Unit.

- Acquisition of Big Sky Gas Holdings, LLC ("**Big Sky Gas**")
  - In July 2017, Crius Energy acquired a 100% equity interest in Big Sky Gas, a natural gas marketing business with approximately 4,000 customers based in Montana. The aggregate purchase price consisted of the conversion of a $0.5 million convertible term loan and the exercise of warrants held by the Company for 81% ownership interest in Big Sky Gas. The remaining 19% ownership interest was acquired in exchange for an earn-out, based on future profitability targets agreed upon between the parties.

Review of Q3 2017 Results

The third quarter of 2017 was highlighted by the successful completion of the acquisition of USG&E, representing a transformative acquisition for the Company. The acquisition is expected to be accretive, materially enhancing the financial profile of the Trust as the pro-forma business is expected to generate more than $1 billion of revenue and $100 million of Adjusted EBITDA annually.

In the third quarter of 2017, as a result of Management and the Board's confidence in the Company's future growth prospects and conservative Payout Ratio, the Board approved a 2% increase to the distribution. The 2% increase was the seventh consecutive quarterly increase to distributions.

Current quarter financial results were challenged by summer weather conditions that were materially cooler than long-term averages, which had a direct impact on customer energy usage. Average temperatures in the markets we serve customers were approximately 24% lower in the third quarter of 2017 than the prior comparable quarter, as measured by cooling degree days. Management estimate that the reduced customer volumes as compared to the prior comparable quarter had a negative impact of $9.2 million on gross margin, with an estimated $4.7 million being attributable to the cooler-than-normal 2017 summer and an estimated $4.5 million being attributable to the warmer-than-normal 2016 summer, which benefited gross margins in the prior comparable quarter. Additionally, a continuation of recent trends of a changing customer mix resulted in lower unit margins resulting from the shift to a larger proportion of lower-margin commercial and municipal aggregation customers, together with $1.0 million in transaction and integration costs in connection with the acquisition of USG&E impacted Adjusted EBITDA.

Overall revenues increased 21.2% in the third quarter of 2017 to $269.9 million from $222.6 million in the third quarter of 2016. The period-over-period increase is primarily the result of the addition of revenue associated with the acquisition of USG&E, offset by materially lower usage per customer as a result of the cooler-than-normal summer weather conditions in the third quarter of 2017 compared to the prior comparable quarter, which was a warmer-than-normal summer.

Solar revenues in the third quarter of 2017 were $3.5 million, an increase from $0.4 million in the third quarter of 2016. Solar revenues in the third quarter of 2017 were comprised of two components. The first component was the $1.9 million in revenue related to the origination and installation of solar systems. During the quarter, 30 solar systems were installed representing capacity of 0.2 MW. In terms of the gross solar sales pipeline, 179 systems representing 1.4 MW were sold during the quarter. Gross sales volume was lower than expected in the third quarter of 2017 primarily due to unforeseen delays in expanding our sales capabilities in the California market. The second component was the $1.6 million in revenue related to the aggregation of community solar customers under a partnership with a leading developer of community solar projects. Under the agreement, which was entered into during the second quarter, Crius Energy offers a direct-to-consumer program that allows customers to purchase solar energy from community based solar installations backed by five-year power purchase agreements. Crius Energy receives a customer acquisition fee which is recognized as revenue based upon customer acquisition activity, which is primarily undertaken prior to the development of the solar farms, with the balance of the revenue being recognized over the life of the agreements, based on customer acquisition required to replace attrition. The initial agreement is related to solar farms in the Texas market with nameplate capacity of approximately 63 MW to be developed in 2017, which equates to approximately 32,000 community solar customers, of which approximately two-thirds were signed up in the second quarter of 2017 and the remaining customers were signed up in the current quarter. Crius Energy has the option to participate in a similar project in 2018 for additional developments of approximately 32 MW of installed capacity, which equates to approximately 16,000 community solar customers.

Gross margin for the third quarter of 2017 was $55.0 million, an increase from $47.8 million of gross margin in the third quarter of 2016, impacted by the material variance in year-over-year summer temperatures, partially offset by the incremental gross margin from the acquired USG&E business. As a percentage of total revenue, gross margin was 20.4% in the third quarter of 2017, a decrease from 21.5% in the same quarter of the previous year. The decrease in gross margin as a percentage of revenue in the quarter is consistent with recent trends as a result of the increased mix of lower-margin commercial and municipal aggregation customers in the portfolio, partially offset by the addition of the higher-margin USG&E customer portfolio.

Adjusted EBITDA in the third quarter of 2017 was $18.3 million, a decrease from the $20.6 million reported in the third quarter of 2016. The decrease in Adjusted EBITDA for the third quarter of 2017, despite the inclusion of USG&E results, was impacted by the above-mentioned materially lower average usage per customer due to materially cooler weather conditions compared to the prior comparable quarter, the continued impact of the transition of the portfolio, and one-time costs related to the acquisition of USG&E. The solar business contributed negative $0.3 million to Adjusted EBITDA in the quarter.

Management is pleased to report significant progress towards final resolution and settlement of the pending legal and regulatory matters for which the Company established a legal reserve in the first half of 2017, with the legal reserve remaining unchanged at $13.0 million through the end of the third quarter. Management has entered into agreements in principle to settle these matters and expects to announce such settlements within the next few months. The associated legal fees of $0.3 million incurred in the third quarter of 2017, which were excluded from Adjusted EBITDA and Distributable Cash, were materially decreased from the prior two quarters as the matters near resolution.

Distributable Cash was $13.2 million in the third quarter of 2017 compared to $10.6 million in the third quarter of 2016. Total Distributions paid in the third quarter of 2017 were $8.2 million, compared to $5.6 million in the third quarter of 2016. The increase in Distributable Cash is primarily due to reduced capital expenditures compared to the third quarter of 2016 and the increase in Total Distributions is attributable to increases in the number of Units outstanding and increase in the amount distributed per Unit compared to the third quarter of 2016. For the last twelve months, Distributable Cash was $41.5 million and Total Distributions paid were $25.5 million, representing a Payout Ratio of 61.4%.

As at September 30, 2017, Crius Energy had 1,446,000 customers, up from 1,028,000 at the beginning of the quarter, representing net customer growth of 418,000 customers, or 40.7%. The increase in customers was driven by net organic growth of 68,000 customers, and the acquisition of 350,000 customers from USG&E, which was lower than the expected 375,000 customers previously announced due to differing accounting methodologies adopted by the Company upon acquisition. Organic customer additions totaled 197,000 customers driven by sales activity across our diversified sales channels including our direct-to-consumer channels which are now further enhanced by the added USG&E capabilities, representing an increase over the average in the prior four quarters of 128,000. Customer drops in the third quarter of 129,000 customers were higher than the average in the prior four quarters of 107,000. On a comparable period basis, the increase in the absolute number of customer drops is expected due to the expanded size of the portfolio as a result of the acquisition of USG&E. On a percentage basis, customer drops were 9.9% for the third quarter of 2017, which compares to the average quarterly attrition of 10.3% for the trailing four quarters.

At September 30, 2017, the Trust had Total Cash and Availability of $69.5 million, consisting of $24.3 million of cash and cash equivalents, and $45.2 million available under the Company's credit facility. This compares to the Total Cash and Availability as at December 31, 2016 of $49.9 million, consisting of cash and cash equivalents of $10.9 million and $39.0 million of availability under the credit facility. The current availability benefited from a temporary $20.0 million limit increase, as part of the acquisition of USG&E, which expires in the fourth quarter of 2017. The Company has $49.1 million in long-term debt, consisting of a $6.2 million subordinated, forgivable term loan with the Connecticut Department of Economic and Community Development at an annual interest rate of 2.0%, and a subordinated promissory note with certain shareholders of USG&E related to the acquisition in the net amount, after post-closing working capital adjustments of $42.9 million, at an annual interest rate of 9.5%.

The interim condensed consolidated financial statements of the Trust as at and for the three and nine month periods ended September 30, 2017 and accompanying management's discussion and analysis ("**MD&A**") have been filed with the securities regulators and are available on SEDAR at www.sedar.com under the Trust's issuer profile, and are available on the Trust's website at www.criusenergytrust.ca.

Conference Call Notice

The Trust will hold a conference call on November 14, 2017 at 8:30 a.m. (Toronto time) to discuss the financial results for the third quarter of 2017.

To access the conference call by telephone, dial 647-427-7450 or 1-888-231-8191. A question and answer session for analysts will follow management's presentation.

A live audio webcast of the conference call will be available by following this link: Crius Energy Q3 2017 Results and will also be archived there for 90 days.

A digital rebroadcast will be available to listeners starting at 11:00 a.m. (Toronto time) on November 14, 2017 until November 21, 2017. To access the rebroadcast, please dial 416-849-0833 or 1-855-859-2056 and enter passcode 97341054#.

About Crius Energy Trust

With over 1.4 million residential customer equivalents, the Company provides innovative electricity, natural gas and solar products to residential and commercial customers through exclusive partnerships and direct-to-consumer marketing channels. Our unique brands offer consumers a broad suite of energy products and services including fixed and variable contracts, renewable energy, and bundled products to support their energy needs beyond what is offered by their local utility. Company growth is achieved organically with customers acquired through our diversified marketing channels and through accretive acquisitions in the deregulated energy and solar industries, where there is a significant opportunity to participate in the consolidation of market participants. The Company currently sells energy products in 19 states and the District of Columbia with plans to continue expanding its geographic reach. The Company is well-positioned to deliver capital appreciation and stable, growing distributions to investors.

The Trust intends to continue to qualify as a "mutual fund trust" under the Income Tax Act (Canada) (the "Tax Act"). The Trust will not be a "SIFT trust" (as defined in the Tax Act), provided that the Trust complies at all times with its investment restriction which precludes the Trust from holding any "non-portfolio property" (as defined in the Tax Act). Material information pertaining to Crius may be found on SEDAR under the Trust's issuer profile at www.sedar.com or on the Trust's website at www.criusenergytrust.ca.

Caution Regarding Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") including, without limitation, statements relating to non-IFRS financial measures; the confidence of Management and the Board; the Trust's outlook, strategy, and ability to execute its business objectives; future payments owed to the Company; the electricity, natural gas and solar industries; governmental regulatory regimes; acquisitions and strategic partnerships; marketing channels; customers and customer growth; hedging strategies; risk management; market risk; credit risk; off-balance sheet arrangements; related party-transactions; liquidity and capital resources; critical accounting estimates; internal controls over financial reporting; results of operations; financial position or cash flows; expenses and distributions to Unitholders. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. All forward-looking statements reflect the Trust's beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. All of the Trust's forward-looking statements are qualified by (i) the assumptions that are stated or inherent in such forward-looking statements, and (ii) the risks described in the section entitled *"Financial Instruments and Risk Management"* in this MD&A and in the sections entitled *"Risk Factors"* and *"Forward-Looking Statements"* in the annual information form of the Trust for the fiscal year ended December 31, 2016, dated March 16, 2017, which is available on SEDAR under the Trust's issuer profile at www.sedar.com and on the Trust's website at www.criusenergytrust.ca. Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Although the Trust has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Trust disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise, except in accordance with applicable securities laws.

Non-IFRS Financial Measures

Statements in this news release make reference to Adjusted EBITDA, Total Cash and Availability, Distributable Cash, Total Distributions, and Payout Ratio, which are non-IFRS financial measures commonly used by financial analysts in evaluating the financial performance of companies, including companies in the energy industry. Accordingly, Management believes Adjusted EBITDA, Total Cash and Availability, Distributable Cash, Total Distributions, and Payout Ratio may be useful metrics for evaluating the Trust's financial performance as they are measures that Management uses internally to assess performance, in addition to IFRS measures. As there is no generally accepted method of calculating Adjusted EBITDA, Total Cash and Availability, Distributable Cash, Total Distributions, and payout ratio, these terms as used herein are not necessarily comparable to similarly titled measures of other companies. Adjusted EBITDA, Total Cash and Availability, Distributable Cash, Total Distributions, and Payout Ratio have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income (loss) or other data prepared in accordance with IFRS. Adjusted EBITDA is calculated as EBITDA adjusted to exclude any change in the fair value of derivative instruments, change in fair value of non-controlling interest, change in fair value of warrant liability, Unit-based compensation, goodwill impairment and distributions to non-controlling interest. The items excluded from Adjusted EBITDA are significant in assessing the Trust's operating results and liquidity. See the MD&A of the Trust for the three month period ended September 30, 2017 (under the heading *"Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA"*) for a reconciliation of Adjusted EBITDA to net income (loss), as calculated under IFRS for the relevant periods, the most directly comparable measure in the consolidated financial statements of the Trust. See the MD&A of the Trust for the three month period ended September 30, 2017 (under the heading *"Distributable Cash and Payout Ratio"*) for a reconciliation of Distributable Cash to cash flows provided by operating activities as calculated under IFRS, the most directly comparable measure in the consolidated financial statements of the Trust. Please refer to *"Key Terms and Abbreviations"* in the Trusts' MD&A for the three and nine month periods ended September 30, 2017 for definitions of non-IFRS financial measures and other terms. Other financial data has been prepared in accordance with IFRS.

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